

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

April 27, 2006

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on April 27, 2006 at approximately 9:39 a.m.

Present were Board Members: Raymond Fogarty (Chair), Edward Rendine, Richard DeMerchant, Maurice Paradis and William Parsons. Also present were: Earl Queenan, Anthony Scolavino, Claudine Tikoian, Alicia Pomfret, staff, along with Thomas V. Moses, Legal Counsel and Stephen H. Whitney, Legislative Fiscal Analyst of the Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:39 a.m.

Adoption of Public and Executive Session Minutes

The first item to come before the Board was consideration for adoption of the Minutes of the Board Meeting held on March 30, 2006.

Following review, Mr. Rendine made a motion to approve the Public and Executive Session Minutes, and to maintain the confidentiality of the Executive Session Minutes, Mr. Parsons seconded the motion, which was passed unanimously.

At this point, Mr. DeMerchant entered the meeting.

Cash Position / Portfolio Activity / Delinquency Review

Mr. Scolavino presented the Reports of Portfolio Activity, Watch List and Delinquency Review as of March 31, 2006. During review, Mr. Rendine inquired about the status of Display World. Mr. Scolavino responded that the Company is in workout with Sovereign Bank and the SBLFC, per the Intercreditor Agreement, can only accept interest only payments, which are being made. Mr. Rendine questioned Mr. Scolavino on the standing of Uniform Digital. Mr. Scolavino replied that he will be assigning the matter to Legal Counsel for Collection, if the payment is not received within the next two weeks.

Mr. Scolavino then concluded his review of these Reports.

United States Economic Development Administration Update

Mr. Queenan gave a verbal update of the SBLFC's status with the United States Economic Development Administration. The SBLFC is now in full compliance with the USEDAs cash requirements. The University of Rhode Island is out of compliance. The excess URI funds of approximately \$985,000 will be placed in a REPO and the interest will be sent monthly to the US Treasury. A draft plan to

restructure all funds will be initiated next month.

Business Innovation Factory Update

Mr. Queenan explained that the Business Innovation Factory has solicited an audit firm to perform its audit. It is possible that DiSanto, Priest & Company may be performing the audit. The SBLFC loan was issued before a firm could be chosen. Potentially, the Manager of the audit could be Mr. Queenan's son. Mr. DeMerchant expressed that he is employed by that DiSanto, Priest & Company and that he would not be involved in any discussions on this matter. Both gentlemen stated that they wanted this information to be on record. If this firm is chosen to perform the audit, both will submit a Statement of Conflict of Interest to the Ethics Commission.

EXECUTIVE SESSION

At 9:57 a.m. Mr. Parsons made a motion to move the next portion of the meeting into Executive Session pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended.

Mr. DeMerchant seconded the motion, which passed unanimously.

Upon a motion made by Mr. Parsons and seconded by Mr. Rendine, the Board unanimously voted to return to Public Session at 11:11 a.m.

During the Executive Session, Mr. DeMerchant recused himself from any discussion or voting in connection with New Territories, Inc., and exited the meeting.

Upon a motion made by Mr. Rendine, pursuant to the Rhode Island Open Meetings Law 42-46-5(a)(6) of the General Laws of the State of RI 1956 (1988 Reenactment), as amended, and seconded by Mr. Parsons, the Board unanimously voted to return to Executive Session at 11:12 a.m.

Upon a motion made by Mr. Rendine and seconded by Mr. Parsons, the Board unanimously voted to return to Public Session at 11:16 a.m.

Executive Session Vote Ratification

The next item to come before the Board was the ratification of voting held during the Executive Session. The following votes were presented for ratification:

- 1) YMCA of Greater Providence, RI Brownsfield Loan Fund \$534,000 approved loan -- Extension of Loan Commitment**
- 2) New Territories, Inc. -- \$250,000 loan request**

Mr. Rendine made a motion to ratify the aforementioned as voted during the Executive Session, Mr. Parsons seconded the motion, and the ratification was passed unanimously.

Upon a motion made by Mr. Parsons, and seconded by Mr. Paradis, the Board unanimously voted to adjourn. The meeting concluded at 11:17 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance